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SUBJECT: GEORGIA BI-WEEKLY UPDATE AUGUST 1

¶1. This cable contains current items of political, economic and social interest concerning Georgia for the weeks of July 14-August

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#### Parliament Revokes Opposition Funds

¶2. On July 15, the ruling party in Parliament voted to revoke state funding for the six opposition parties which refused to enter Parliament and formally requested annulment of their mandates. The new law makes the New Rights Party, Freedom Party, Movement for United Georgia, Georgia's Way, People's Party, and National Forum ineligible for government funding. The amendment deprives them of GEL 600,000 (\$428,571 USD) in total. The Labor Party, whose leaders remain MPs and have not relinquished their mandates, is eligible for state funding and will receive GEL 500,000 (\$357,143 USD). Other parties which will receive state funding include the Christian-Democrats, On our Own, and the Georgian Troupe. The latter two were part of the Joint Opposition, but took their seats in Parliament. Most opposition parties have condemned the ruling party's initiative as punitive for their decision not to enter the new Parliament. The Conservative Party, Republicans, and Industrialists will continue to receive state funding, as they each won more than 3 percent of votes in the 2006 local elections.

#### Public Defender Delivers 2007 Human Rights Report to Parliament

¶3. On July 15, Public Defender Sozar Subari presented his 2007 human rights report to Parliament. (Citing a lack of time ahead of the May 21 Parliamentary elections, the previous Parliament had refused to hear the two bi-annual reports, which are 744 and 633 pages respectively.) Subari spoke about deterioration of freedom in the media, violation of property rights, the November 2007 events, and the human rights situation in Gali District (of Abkhazia). Ruling party lawmakers attacked Subari. They called his report "incompetent and politically biased in favor of the opposition," saying it discredits the ombudsman's institution. The opposition New Rightists (NR) denounced Parliament's reaction to the report. According to the NR, the ruling party's response to the public defender's report demonstrates official ignorance of human rights problems in the country and is "one more confirmation of the authorities' non-democratic nature." The statement also demanded Parliament and the authorities stop attacking those institutions and persons who publicize human rights violations.

#### Wanted Ex-Governor Seeks Asylum in France

¶4. Mikheil Kareli, former regional governor of Shida Kartli and close friend of ex-Defense Minister Irakli Okruashvili, was released from jail in Paris on July 31. Kareli reportedly turned himself in to French police to request political asylum on July 24. The General Prosecutor's Office alleged French police arrested Kareli, and claimed it was preparing an extradition request for him. Kareli was fired as governor on September 12, 2007. Ten days later he was arrested and charged with bribery and illegal business practices.

In October 2007 he plead guilty and was released on GEL 200,000 bail (over USD 122,000). In November 2007, Kareli reportedly jumped bail and was sought by Georgian law enforcement. It is unclear where Kareli has been since November, or how and when he entered France. His appeal for asylum and the government's extradition request are pending.

#### Ex-Priest Released from Jail

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¶5. Defrocked Orthodox priest Basil Mkalavishvili was released from prison early on July 25, after serving four years of a six-year sentence. Mkalavishvili was arrested in 2004 and found guilty of masterminding and carrying out organized violence against Jehovah's Witnesses and Baptist-Evangelists, and burning their religious literature. Mkalavishvili was excommunicated from the Georgian Orthodox Church in 1995, after he criticized church leadership for not taking a "radical stance" towards religious minorities.

#### Construction Begins on Baku-Tbilisi-Kars Railroad

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¶6. On July 24 in Kars, Turkey, Presidents Mikheil Saakashvili of Georgia, Ilham Aliyev of Azerbaijan, and Abdullah Gul of Turkey inaugurated the construction work on the Turkish section of the Kars-Tbilisi-Baku (BTK) railroad. The countries signed an agreement on the railway in February 2007, with service expected to begin in ¶2010. The three presidents expressed hope that the BTK railway would contribute to peace and prosperity in the region. Georgian President Mikhail Saakashvili said the BTK railway "will be Georgia's window to Europe." The railroad will increase continental trade through the East-West Transport Corridor. Most forecasts suggest that within two years of construction the volume of

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transport will reach 2 million tons, and this could increase to 8-10 million tons within three more years.

¶7. The construction of the railway will also open markets in the Mediterranean region and Southeast Europe for Azerbaijan, Georgia, and Central Asian states. In addition, the project has significant geopolitical significance. As was the case with energy projects, interstate railways will raise questions of common security threats and require collaborative efforts to address these threats. The trilateral cooperation between Ankara, Baku, and Tbilisi will more closely integrate transportation and security arrangements between the three countries and the West.

#### Georgian Bar Association Plans Changes

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¶8. The Georgian Bar Association (GBA) conducted a strategic planning meeting July 25-27. They discussed leadership and management issues, and the current Chairman's pending departure on a USG Muskie Scholarship. The Executive Council of the GBA, following organization bylaws, prepared for the eldest member of the Council to become the new Chairman until elections are held this fall. The Executive Council also discussed potential amendments to GBA bylaws and Georgian law governing the GBA. Discussions focused on using delegates to replace the current system, which requires a General Assembly of more than 1600 advocates to conduct Association business. The Executive Council agreed to meet more frequently and finalize the proposed amendments prior to Parliament reconvening in late September.

#### Russians to Open Border Crossing in September

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¶9. According to Georgian media reports, Moscow has decided to reopen the only legal customs and border checkpoint of Verkhni Lars (Upper Lars) on the Georgian-Russian border (near Mt. Kazbegi and the town of Stepantsminda). Russia stopped overland traffic at the crossing in early June 2006 as part of economic sanctions against Georgia. At the time, Russia said the closing was officially due to reconstruction of the checkpoint. Reopening the crossing will allow resumption of cargo and passenger bus services through the North

Ossetian stretch of the Russia-Georgia border. (Note: There is no word on the resumption of agricultural and wine exports, per the Ministry of Agriculture. End note.) The route is important not only for Georgia but Armenia as well. Georgia's Foreign Ministry has conducted negotiations on reopening the checkpoint since April. Reportedly, Russia was not planning to reopen the border earlier than December, but moved up the date to September. Russia resumed air and sea transportation with Georgia earlier this year.

TEFFT